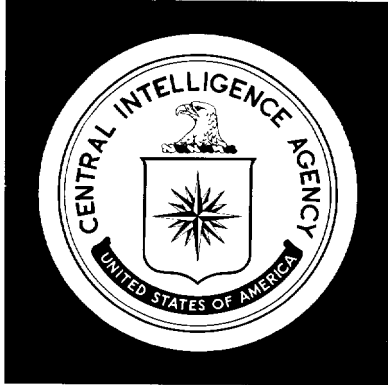


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

NAVY review
completed.

State Dept. review
completed

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28 April 1972
No. 0367/72

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents pages.

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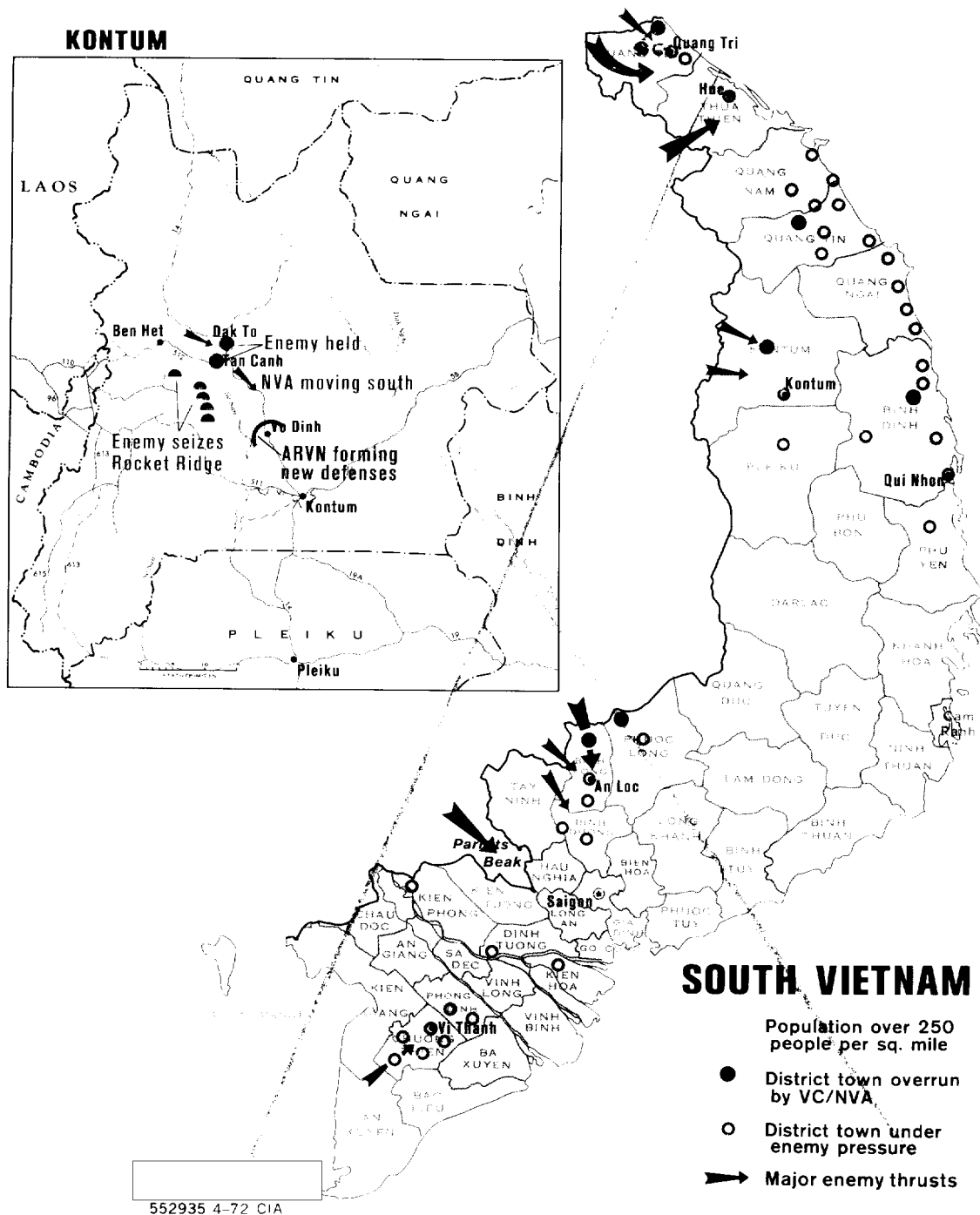
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INDOCHINA

NOW THE HIGHLANDS

The North Vietnamese finally got their campaign in the central highlands under way in earnest this week. As they had done earlier along the DMZ and on the Cambodian border north of Saigon, the Communists began with massive artillery fire and then sent tanks to spearhead a drive that routed half of Saigon's 22nd Division and drove government forces out of most of the mountain strongpoints west of Kontum city. Near the week's end, the North Vietnamese were pressing on with their tanks and heavy artillery toward the province capital. Government troops were organizing new defensive positions closer to Kontum city, and allied air forces were striking hard at enemy forces wherever they came out into the open.

The North Vietnamese carefully prepared the battlefield in the highlands. They shelled and probed government positions for weeks, and enemy ambushes cut all the principal roads in the region, including Route 19 in the An Khe Pass, causing serious South Vietnamese supply shortages. Communist forces also sharply stepped up their attacks east of Kontum in Binh Dinh Province, reviving old fears that they intend to cut the country in half at its midsection.

The North Vietnamese will find the going tougher as they move eastward in Kontum. Their supply lines are getting longer, and their mechanized forces, which often have to stay on the roads, are vulnerable to air attack. But they are confronting some of the least effective South Vietnamese units, and the Communist threat elsewhere in the country makes it unlikely that South Vietnamese units in Kontum will get a great deal of outside help.

The highlands drive gave new life to the enemy's spring offensive, which last week appeared to be losing some of its earlier momentum. The Communists have apparently carefully

orchestrated their major attacks, hitting hard on one front and then another over the past month in order to retain the military and psychological initiative and to keep South Vietnamese forces off balance.

In the far north, South Vietnamese forces have rallied, but the North Vietnamese have been maintaining pressure on government positions around Quang Tri city and Hue, and have not given up any of their initial gains. As the week progressed, the Communists appeared to be preparing to resume their drive against Quang Tri city.

Around An Loc in Binh Long Province, the crisis atmosphere has abated somewhat. Wounded troops have been airlifted out of the city, some reinforcements are getting in by helicopter, and the large relief column that had been stalled well south of the city is again moving toward An Loc along Route 13. Nevertheless, in the face of heavy allied bombing, North Vietnamese forces remain close to An Loc, and another serious effort to take the town appears likely.

In addition to the battles between the regular forces of both sides, guerrilla-type activity has been rising in some of the more populous rural areas of the country. Reporting is still sketchy on the rapidly changing situation in many rural areas. In general, the erosion of government control resulting from the current offensive, while serious, is considerably less than what occurred in early 1968.

~~In 1968, the pacification program seemed to be suffering critical damage in the early stages of the Tet offensive, but in the aftermath of that campaign the government was able to extend its influence into more areas than ever before. This time around, the North Vietnamese regulars have replaced local Viet Cong forces as the enemy's main striking force. The invading northerners have severely disrupted pacification by turning~~

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Quang Tri, Kontum, Binh Long, and Chuong Thieng (in the Mekong Delta) into battlefields. But in these areas, they have probably created many more refugees than converts.

Along the coast from Quang Nam to Binh Dinh, small Viet Cong and North Vietnamese units have been extremely active, attacking the government's political and security apparatus in the countryside.

In the delta, pacification has been set back in some areas. There does not, however, appear to have been any general abandonment of the countryside by government forces as happened in 1968. How the situation develops from here on depends on how the big-unit battles turn out in the more remote border regions, how well government territorial forces stand up under pressure from small Viet Cong forces, and how effectively both sides assert political leadership in areas where they have or achieve military predominance.

A Viet Cong Reassessment

A leading Viet Cong propagandist has indicated that the Communists do not anticipate a nationwide popular uprising in South Vietnam at this stage of their offensive. According to his analysis, broadcast by the Viet Cong's Liberation Radio on 20 April, the "balance of forces" at the local level has still not been altered in the Communists' favor. The political struggle, the article argues, has entered a period of "partial uprisings" in which guerrilla warfare and political agitation must be tailored closely to differing local conditions. He adds that any effort to apply one set of tactics throughout the country would only end in failure. The propagandist, who writes under the pseudonym "Cuu Long," advises his comrades to step up assassinations and terrorism—especially against local police officials—as a means of hastening an improvement in the Communists' fortunes.

This is the first such assessment to appear publicly since the offensive began. The article is surprisingly candid about why a general popular uprising is impractical at present. Remarking nostalgically on conditions in the late 1950s, the writer implies that the "moral and political superiority" that marked the Communist struggle at that time has not been sustained. Now, he concedes, the Communists have to rely on the "leverage" of military force to achieve political aims. He also pays grudging tribute to the South Vietnamese Government structure in the countryside, claiming that this "extremely meticulous counter-revolutionary apparatus" has "confused" and "divided" the people and has made the revolutionary task more difficult.

To some extent, the author may be trying to rationalize the abandonment of the tactics the Viet Cong have emphasized over the past two years, but he may also be trying to persuade superiors and cadres that guerrilla methods need not be eclipsed entirely by the current main-force effort. The thrust of the article seems to be that guerrilla warfare and political struggle can be effectively modified to fit current conditions. The writer leaves no doubt, however, that he considers increased terrorism essential to the adjustment.

The View from Moscow

The Soviets continue to tread warily between the demands of their Vietnamese ally for fuller support and of the forthcoming Soviet-US summit. In a Lenin anniversary speech on 21 April, Politburo member Kulakov promised, quite routinely, Soviet support for their Indochinese ally, but he made no direct reference to the President's trip and blamed the recent US bombing raids on the "actions of the American brass hats in Vietnam." In a passage perhaps aimed at reassuring Hanoi that no deals on Indochina would be made during the forthcoming US-Soviet talks, Kulakov noted that the USSR would not seek agreements with capitalist countries at the expense of the USSR's principles or commitments to its socialist allies. There has been no Soviet

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comment on Dr. Kissinger's visit to the USSR, only a bland initial announcement.

Soviet media have not reported Ambassador Abrasimov's remarks at a French diplomatic press luncheon on 24 April that "maximum" Soviet aid to Vietnam would continue, "despite its possible

repercussions on the President's trip." Soviet propagandists have finally acknowledged and disparaged recent criticism of Soviet aid by US officials. In a 23 April round-table discussion, a Soviet speaker acknowledged Moscow's military aid to North Vietnam. He asked sarcastically, "Why Washington had suddenly remembered this well-known fact?"

Communist Radiophoto



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ILLEGIB

CAMBODIA: THE KOY PECH AFFAIR

Among the bright spots in Lon Nol's political performance in the past few months has been his adroit handling of the obstreperous and assertive Phnom Penh student population. It has taken some skill to keep the students in line, for the issues that divide them and the government are all but irreconcilable. In essence, the students want nothing less than a fundamental change in the way Cambodia is ruled, and since Lon Nol is clearly bent on doing business the old way, the logic of the students' position is coming to mean that Cambodia must have a new ruler.

The students are not yet openly talking this way, in part because they are still unsure of their own political power, and in part because Lon Nol has given them, at least until now, little cause to move into direct opposition to his government. He has done this by helping to keep student protests manageable—even gentlemanly—by coolly eschewing tough tactics and by producing a draft constitution and promising elections. But he made a tactical mistake last week that has upset the critical balance, perhaps permanently.

The problem was a long-in-the-tooth "student" named Koy Pech, who had the temerity to criticize Lon Nol as well as the new draft constitution on Phnom Penh television. The government decided to arrest him, and this led to an open confrontation between the regime and the capital's student community—particularly at Phnom Penh's law school where a small group of armed students prevented military police from taking Koy Pech into custody.

The situation at the law school became increasingly tense and erupted into violence on 27 April when the police fired on a crowd of students trying to join Pech. Twenty of the students were wounded, three seriously. Undeterred by large student demonstrations protesting the shootings, the government set a deadline for the evacuation of the law school so that Pech could be arrested. Even if there is no additional bloodshed, the regime has probably already suffered a serious loss of popular support, and Lon Nol's own waning political prestige has been further damaged.

The student unrest has all but obscured the national referendum on the new constitution, whose alleged deficiencies were denounced by the students early in the week. As a result of the furor in Phnom Penh, the government may have some second thoughts about holding the referendum on 30 April. If it is held, the new constitution probably would be endorsed by a majority of voters without the benefit of poll-watchers or others interested in a fair vote count.

On the military front, the government made little headway in its disorganized efforts to regain control of a 40-mile stretch of Route 1 running eastward from the Neak Luong area to the town of Svay Rieng. The Cambodians apparently have abandoned plans to mount a clearing operation along Route 1 from the South Vietnam side of the border to Svay Rieng. Aside from the isolated towns of Svay Rieng and Bavet, most of the "parrot's beak" area is controlled by the enemy—thereby facilitating the movement of Communist troops and supplies into adjoining parts of South Vietnam.

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SECRET**BURMA: DONNING MUFTI**

It was a long time in coming, but the governmental reorganization announced in Rangoon last week represents a new milestone on the road to "civilianizing" the ten-year-old military regime. Most of the ministers in the new 15-man cabinet remain the same, but only three remain on active military duty. The most important change is not in the cabinet but in the retirement of General Ne Win and twenty other senior officers from the armed forces. Ne Win will continue to hold the prime ministership, and those of his colleagues who retired will continue to hold their portfolios as civilians.

These shifts in status do not mean that Burma will be governed differently or that there will be an early end to the army's domination of the country's political life. But the passing of the reins of government to "civilians" has considerable symbolic importance in establishing the regime on a course of promoting an orderly political evolution. It also provides the legal underpinning for the development of a clearer institutional differentiation between the army, the ruling Burma Socialist Program Party, and the government itself.

As part of the metamorphosis, the government published the first draft of a new constitution to be promulgated in 1974. The new constitution ostensibly will serve as the instrument for the final transfer of power from the army to civilian authority. Unless there are some significant and unforeseen changes in the draft, however, it will have the effect of perpetuating in power the present ruling group. Under its terms, the present ruling party will be the only one allowed, and the government leadership will be chosen from it.

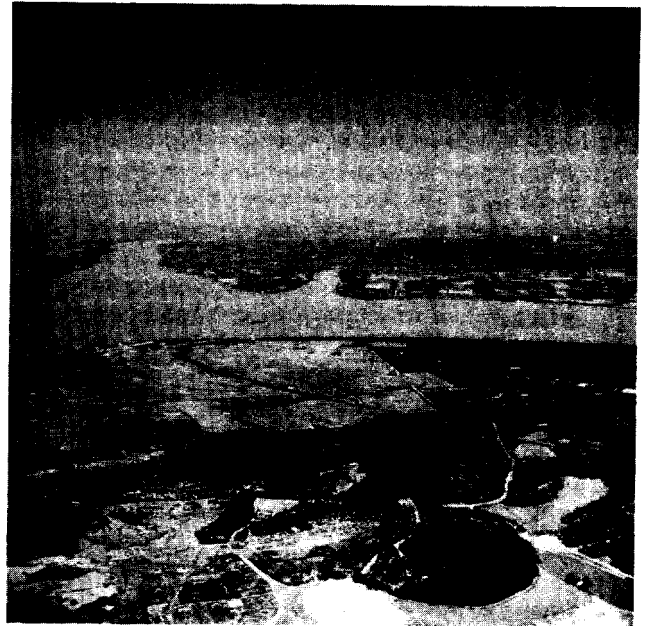
In addition to the longer range implications, the reorganization will have some modest short-

term effects. For one thing, the retirement of the leading military officers should open up long-stifled opportunities for promotion within the Burmese Army.



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The recent changes have also clarified the succession picture. San Yu's promotion to full



Rangoon

general makes him the only man in Burma with this rank, an honor formerly held by Ne Win. His appointment to the Defense Ministry post vacated by Ne Win further establishes him as Ne Win's heir apparent. Although Ne Win remains in top command, his uncertain health and an evident desire for a less-demanding job may have persuaded him at this time to permit San Yu a more prominent role.

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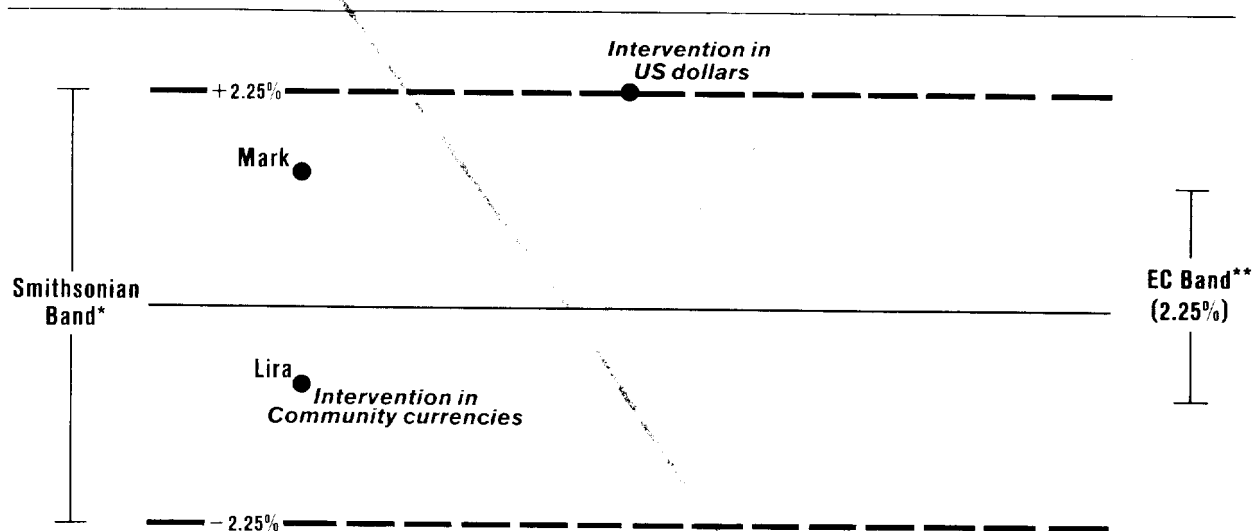
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EC MOVES TOWARD MONETARY UNION

The EC countries this week took a major step toward a common currency by narrowing the permissible range of fluctuation among their currencies to 2.25 percent from the 4.5 percent allowable under the Smithsonian agreement. The EC was to have inaugurated the first phase of economic and monetary union in June 1971, but it was delayed by an international monetary crisis. The current action should facilitate smoother operation of the Common Agricultural Policy by limiting the extent to which exchange rate variations affect domestic farm prices and incomes. The UK and the other applicants for EC membership probably will participate in the narrow-band scheme next month.

The EC countries also have undertaken to coordinate their over-all economic policies more closely. The EC Council will establish economic policy guidelines periodically, based upon EC Commission recommendations. If a member state wishes to depart from these guidelines, it must consult with the newly created coordinating group on short-term economic policy. This group, composed of economic officials from the member states and the EC Commission, has not begun to function, but several countries have named representatives. Although this mechanism may prove unwieldy and inefficient, its very existence implies in principle substantial additional restraint on the economic policies pursued by EC members.

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*The 4.5% range of permissible variation of a foreign currency's exchange value (in terms of US dollars) centered on the central rate established pursuant to the 18 December 1971 Smithsonian Agreement.

**The 2.25% maximum spread allowable between any two EC currencies' exchange rates.

For example, a fall in the value of the Italian lira, which would tend to increase the spread between the West German mark and lira to more than 2.25 percent, would result in the West German and Italian central banks buying lire with marks. This would raise the value of the lira and depress that of the mark to keep these currencies within their limits. Italy, as the debtor country, would settle for such purchases monthly, in assets reflecting the composition of its international reserves. Persistent weakness or strength in a currency could be resolved by a change in parity. In general, the EC central banks would intervene in dollars only to maintain the 4.5 percent "Smithsonian band."

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FRANCE: A SUFFICIENT VICTORY

President Pompidou won a mandate of sorts in last Sunday's referendum on EC enlargement. Although he failed to win the massive support he vigorously sought, the opposition on the left will find it hard to use the results to embarrass Pompidou.

By focusing on certain aspects of the vote, the President's opponents can find some basis for claiming success. The French Socialist Party claimed victory for producing the highest abstention rate—39 percent—in an election or referendum held during the Fourth or Fifth republics. This is 18 percent higher than the average of the last five referenda. The Communist Party, which has been polling about one fifth of the vote, took credit for the negative vote cast by almost a third of those who voted. Despite these claims, Pompidou's greatest obstacle was clearly public apathy on an issue that many considered settled. Two thirds of those voting approved the enlargement.

The lack of an effective platform from which to exploit the referendum hinders the opposition. Parliamentary elections are not scheduled until next spring, and Pompidou almost certainly will not advance them, as it had been rumored he would do if the referendum won a stunning endorsement. Moreover, under the present constitution with its strong executive, the parliament has proved increasingly ineffective as a vehicle for opposition views. Pompidou, on the other hand, can use the considerable powers of the presidency to remind those inside and—perhaps more importantly—those outside that he has a mandate to continue his policies toward European unity.

In an effort to repair the damage caused by Communist-Socialist splits over the referendum, Socialist Party leader Francois Mitterrand has announced that he plans to meet Communist leaders this week to renew efforts to form a

left-wing front. Negotiations are likely to be long and difficult, and it is unlikely that they will lead to a joint program for governing should the participants ever come to power. At best, the Socialists and Communists will only be able to forge an electoral alliance for the parliamentary elections.

MALTA: ECONOMIC PROBLEMS

Malta is suffering a recession. Ten months of uncertainty while the fate of the British bases on the island was being negotiated increased previous economic problems. These stem from an inadequate resource base, an inefficient manufacturing sector, declining tourist trade, and a turbulent labor situation.

All key sectors of the economy have been affected by the slowdown. Several manufacturing firms and some trade establishments have closed. New construction has dropped, and tourist arrivals are down sharply. The result has been a rising rate of unemployment, probably reaching seven percent in March. The dockyards, Malta's largest industrial concern, are showing some improvement. Losses are declining, primarily as a result of improved labor-management relations and increased business from Communist countries.

The Maltese Government, which has been devoting its attention to foreign affairs, has shown few signs of mobilizing itself to stimulate economic activity. The government has a program to recruit excess labor for public work projects, but it has not yet been implemented. Regulations controlling prices and profit margins instituted this month add to business uncertainty and are likely to discourage both foreign and domestic

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investment. There are rumors that the government intends to monopolize trade in certain commodities, which is likely to deter investment further. Development projects initiated by the previous government have been canceled, as has its program of investment incentives. The Mintoff government has not announced how it plans to spend the UK/NATO base rental payments except to meet the budget deficit.

Meanwhile, Prime Minister Mintoff continues his globetrotting, searching for additional economic aid at every stop. After visiting China and Iran, he went to Luxembourg to try and renegotiate Malta's agreement with the EC. The EC has agreed to consider ways it can be helpful. The visit to China produced a commitment for \$45 million in economic aid. A cash loan of \$3 million will be made available and the remainder will be in project and technical aid.

Economic conditions are likely to continue deteriorating in the immediate future. In the longer run, tourism may recover following normalization of UK-Malta relations, but even this is unlikely if the government continues to harass the large British community on the island. The outlook for other sectors of the economy, particularly manufacturing and construction, will depend to a large extent on the types of economic programs the government ultimately adopts, and the attitude of foreign investors toward the Mintoff government.

DISARMAMENT TALKS RECESS

Following weeks of inconclusive debate on banning chemical weapons and imposing further limits on nuclear testing, the 26-nation Geneva arms talks have recessed to permit its participants to head home for consultations.

When the conference reconvenes in six weeks, the twelve non-aligned states represented are likely to resume their quest for controls on production and stockpiling of chemical weap-

ons—controls that would complement the biological weapons convention opened for signature earlier this month. Neither the twelve nor the US deem adequate the USSR's draft convention on chemical weapons, under which complaints could be referred to the UN Security Council.

The non-aligned bloc's reluctance to accept such a role for the Security Council stems in part from the council's failure to approve the verification responsibilities given it in the biological weapons convention. The failure has been caused by the inability to garner the requisite nine votes and by the concern that Peking, in any case, might choose to veto an endorsement resolution. The Chinese maintain that the convention is merely another half-hearted disarmament measure and consistently have declined to reveal how they would vote. At week's end, soundings taken by UK delegates and others indicated that Peking at this time probably would veto if the resolution were brought to a vote. Approval of the resolution should increase the likelihood that the non-aligned would agree to a council role in policing a chemical weapons ban.

With the US and USSR deadlocked over on-site inspection to enforce a comprehensive nuclear test ban, the current session has seen strong pressure for interim measures on testing. With Swedish support, the Japanese and the Canadians have pressed for limits on testing above certain magnitudes. Undeterred by the cool reaction of the superpowers, the three states are considering whether to build their own network of seismic stations and exchange data on a trial basis.

The prospect that no substantive agreements will be reached this year at Geneva, coupled with the absence of China and France, is likely to renew interest at the UN General Assembly next fall in alternative negotiating forums. Despite Moscow's advocacy of a world disarmament conference, however, Soviet delegate Roshchin recently has vigorously defended the Geneva talks.

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CZECHOSLOVAKIA: HUSAK VS. BILAK

Remarks by Vasil Bilak, number two in the Czechoslovak party, at a recent trade union congress raise again the question of difficulties within the party leadership. The rivalry between Bilak and party leader Gustav Husak has been the topic of frequent reports, both press and clandestine.

It is no secret that Husak and Bilak dislike each other. Their enmity dates at least from 1968, when Husak supplanted Bilak as the head of the party's Slovak section. In addition, the ultra-conservative Bilak considers that Husak has been far "too soft" on the "Prague Spring" reformers. With Husak's successful demotion of another potential rival, Alois Indra, last December, Bilak became the de facto leader of the hard liners in the party hierarchy and Husak's chief rival.

In fact, there are rumors in Prague that Husak journeyed secretly to Moscow in late February to complain of "behind-the-scenes sniping" by Bilak. Husak was not seen in Prague from 23 February, when he attended a party plenum, until 2 March.



On 22 March, Bilak went to Moscow and talked with Brezhnev at the "invitation" of the Soviets. The meeting was billed as a normal "sincere and friendly discussion," but Brezhnev may have suggested to Bilak that he openly demonstrate his support for Husak, whose performance since taking over in 1969 has satisfied the Soviets.

In any case, Bilak, in what started out as a routine speech to a congress of arts and culture

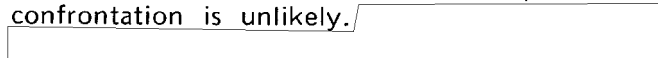
workers on 19 April, declared that rumors of differences within the leadership—"mainly between Husak and Bilak"—are "sheer fabrications." He ended with an unprecedentedly effusive statement praising Husak.

Despite these obeisances, Bilak used words that seem to indicate that significant differences continue within the leadership. He said, for example, that "even in the highest body of the party there are naturally discussions, exchanges of



Bilak (l.) and Husak

standpoints without which political work is inconceivable. I can assure you that we do not only mutually praise each other." Bilak further stated that "false flattery and unprincipled evasion of problems...always lead to serious consequences"; this could be an allusion to the "cult of personality," serving notice that he sees limits to Husak's ascendancy. Still, as long as Husak performs to the satisfaction of Moscow, a direct confrontation is unlikely.



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SECRET**ROMANIAN LEADERSHIP CHANGES**

Ceausescu strengthened an already strong hand last week by effecting a number of personnel shifts at the national, county, and municipal level. This latest reshuffle of personnel does not portend a change in Romanian policy, either at home or abroad. The changes do show that Ceausescu is continuing his search for the "correct mix" of personnel in key party and state positions.

The most important change involved Paul Niculescu-Mizil, the party ideologue and a long-time associate of Ceausescu. Niculescu-Mizil was moved from the secretariat to a deputy premiership, his first governmental assignment. He retained his membership in the party's elite organs. The new assignment may signal an intention to groom Niculescu-Mizil to succeed the able but ailing 70-year-old premier, Ion Gheorghe Maurer, who may retire this summer.

Shifts at the county and municipal level appear intended to reduce corruption by appointing individuals of "moral qualifications." The use of such criteria in replacing Dumitru Popa, the

scandal-ridden mayor of Bucharest, with Gheorghe Cioara reflects not only a major theme of the central committee plenum last November but also Ceausescu's zeal for developing increased respect for the party at the grass-roots level.

The appointment to the party secretariat of Ion Dinca, Stefan Andrei, and Iosif Banc is in keeping with Ceausescu's emphasis on loyalty, youth, and competence. Their appointment further revamps the party secretariat by expanding it from six to nine. In addition, these changes continue a process evident since 1969, i.e., transforming the secretariat into a body of technically able individuals who are not the party's strongest political voices but are dependent on Ceausescu. The secretariat's political and security sectors came under criticism at the July and November party plenums and, indeed, Vasile Patilinet, the party's long-time security and military affairs specialist, was replaced early this year. Ceausescu thus appears intent on correcting deficiencies as well as setting the stage for further personnel changes at the national party conference slated for the second half of July.

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INDIA-PAKISTAN: PRE-SUMMIT TALKS BEGIN

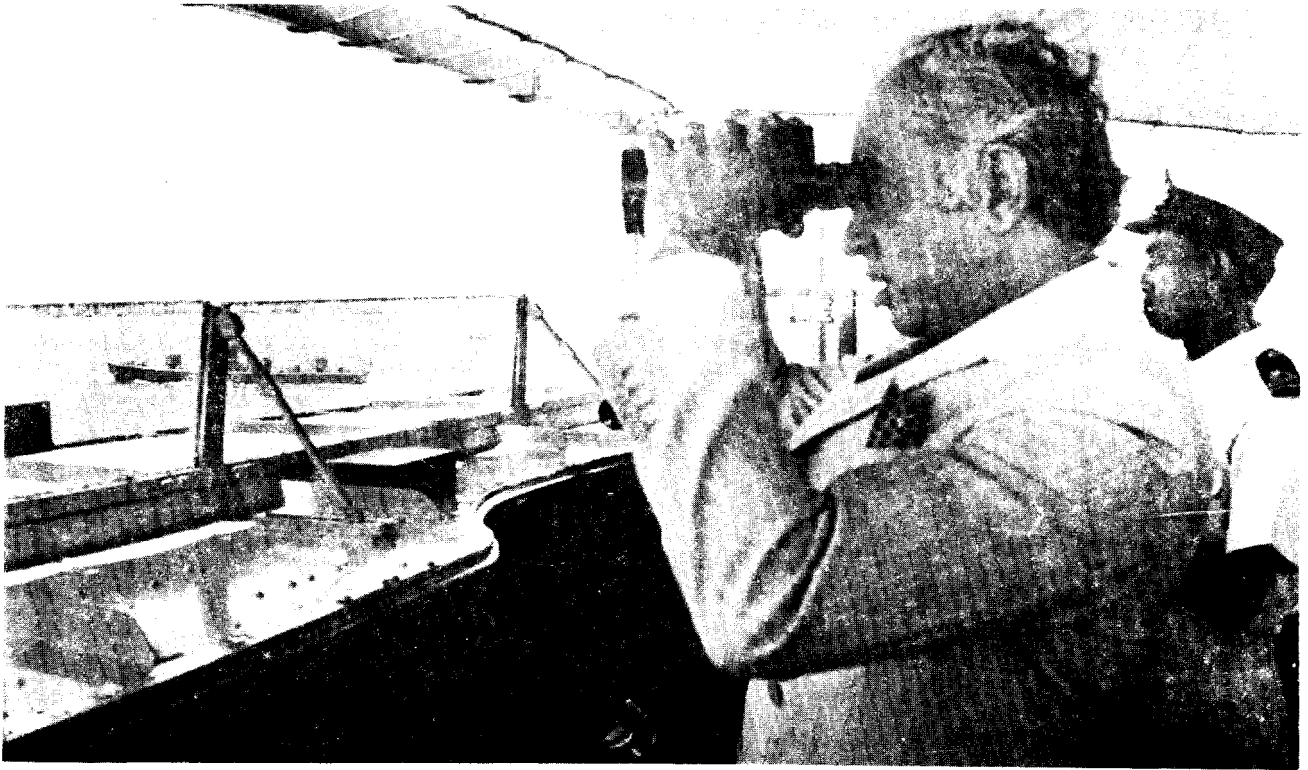
Seventeen Indian officials arrived in Pakistan on 25 April to begin open-ended discussions on the agenda, date, and site for the long-heralded Gandhi-Bhutto summit. The size of the Indian team and the inclusion of specialists on Bangladesh, treaties, and legal matters surprised the Pakistanis. In fact suspicions were aroused that the Indians contemplated discussions on substantive as well as procedural matters. President Bhutto has insisted that matters of substance be reserved for his meeting with Prime Minister Gandhi. Bangladesh representatives are not included in this first round, and New Delhi maintains that issues affecting Dacca's interests will not be discussed.

The Kashmir question will, as always, be the main obstacle to a durable settlement between India and Pakistan. Pakistani recognition of Bangladesh, the repatriation of Pakistani and Indian prisoners, reciprocal troop withdrawals, the restoration of communications, and the resumption of diplomatic and trade relations between India and Pakistan probably are negotiable, though the negotiations may well be protracted.

But on Kashmir the Indians are already staking out a strong initial bargaining position. Both Indian Foreign Minister Swaran Singh and chief foreign policy planner, D. P. Dhar, have claimed Pakistan's 25-year-old "illegal"

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occupation of Azad Kashmir—an unimportant third of the original Kashmir state—is the only aspect of the problem India is prepared to discuss. It is generally understood, however, that India's immediate goal is Pakistan's recognition of the 1949 cease-fire line—as modified by the war last December—as an international boundary. Dhar, who heads the Indian delegation, is amply qualified to negotiate on the issue; an articulate and shrewd Kashmiri Brahman, he has served for years as one of New Delhi's foremost defenders of the legality of Kashmir's accession to India in 1947.

The Kashmir problem is full of pitfalls for Bhutto. He knows his domestic support could crumble if his government were to agree to an

international boundary along the Kashmir cease-fire line—in effect acquiescing to India's permanent occupation of most of the state. So far, he has masked his position behind a ritual reiteration of the traditional Pakistani insistence that the Kashmiris be given the right of self-determination.

The risk to Bhutto's future is so great, and India thinks he is the best Pakistani leader in sight, that the two sides may simply shelve the Kashmir issue for the present and compromise on a tacit agreement to respect the 1949 cease-fire line with minor rectifications. This outcome would only postpone resolution of the major problem between India and Pakistan and keep open the possibility of renewed conflict.

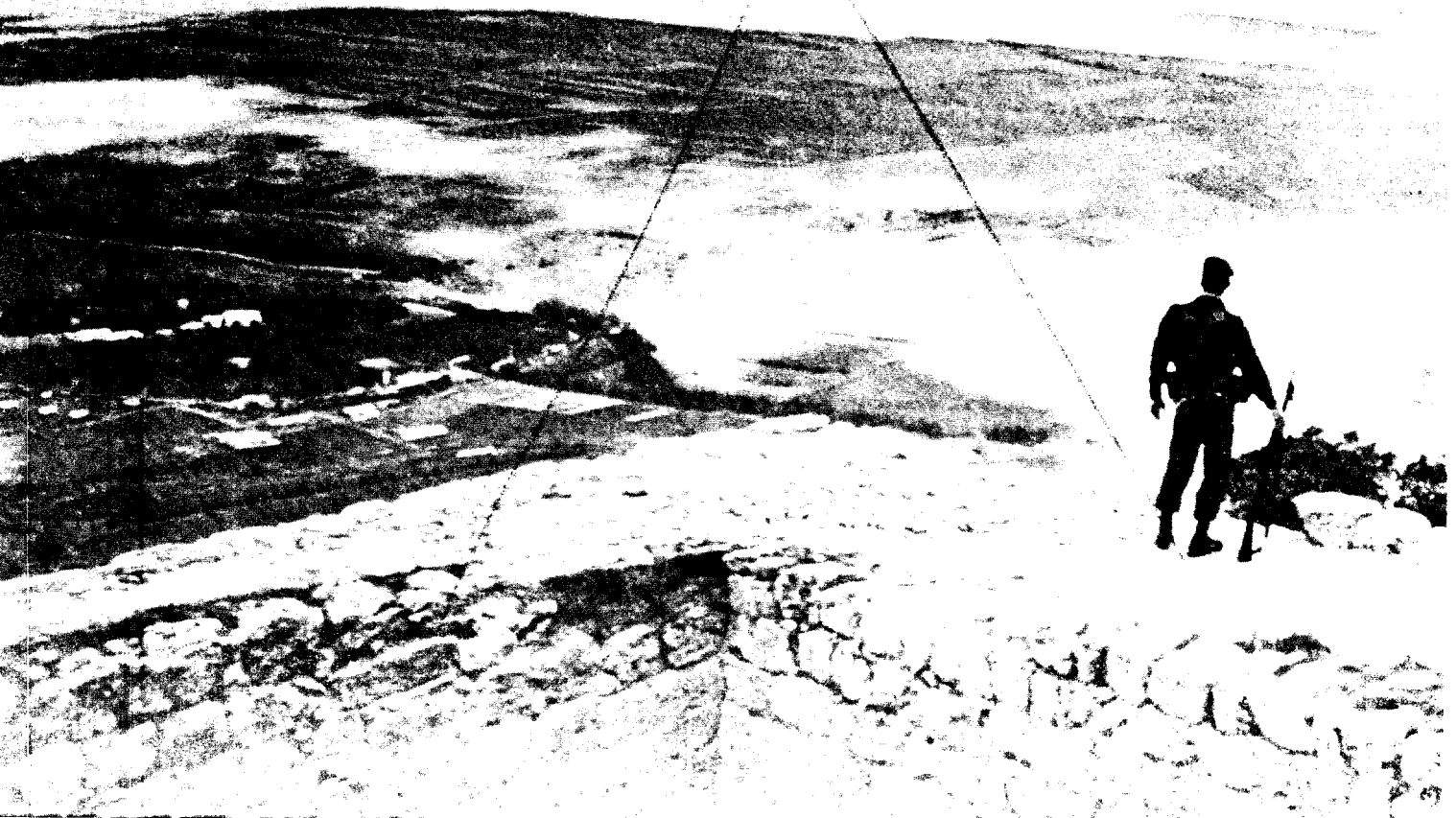
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ISRAEL: STATUS QUO IS BEST

Foreign Minister Abba Eban, recently in Washington for talks prior to President Nixon's visit to the USSR, reiterated Tel Aviv's aversion to any "imported" solution in the Middle East and re-emphasized Israel's long-standing position that the Arab-Israeli dispute can only be resolved by direct negotiations between the parties concerned. He gave no hint of any impending initiative by Tel Aviv toward peace. Eban, in fact, said that Israel could live with the existing situation, "The maintenance of the status quo is not intolerable...it is complex, but not intolerable."

The foreign minister's remark reflects Tel Aviv's point of view: that Israel—now approaching its 25th year as a state—never had it quite so good. Except for some fedayeen forays from Lebanon, no one is shooting at the Israelis very much and have not been for almost two years. Israel is in de facto control of Arab lands three times the size of pre-1967 Israel, and no Arab state or combination of states can push them out. There has been no general Arab uprising in the territories against the occupiers, the fedayeen disturbances of 1968-1969 have quieted down, and the average Arab non-citizen seems to be



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putting his liberation far off and to be making a grudging but pragmatic adjustment to his Israeli overlord.

King Husayn gives every indication of wanting to avoid hostilities with Israel, and for his own reasons—but to Israel's incidental benefit—decimated the fedayeen movement in Jordan. Tel Aviv's old enemy, Gamal Abdul Nasir, is dead, and his successor, Anwar Sadat, despite some warlike statements, seems unsure just what he is or will be able to do about Israel.

In the meantime, the Israelis are busily consolidating their hold on the "administered territories," which gives them a defensive advantage they never enjoyed before 1967.

In various ways, Israel is steadily tying the occupied territories to the homeland. These include trade and investment, giving jobs to some 40,000 Arabs in Israel proper, connecting public utilities, and in some areas extending Israeli law and establishing joint Israeli-Arab companies and factories. Israel has established almost three dozen Jewish settlements in the Arab lands: 13 in the Golan Heights, 15 on the West Bank, two in the Gaza Strip, and five in Sinai.

Israeli officials carefully skirt the word "annexation"—their preferred term is "joined"—but East Jerusalem and the Golan Heights have been annexed in all but name, and the trend is toward continuing control in the Gaza Strip, which is now relatively quiet. Israeli officials have, in response to King Husayn's West Bank federation plan, indicated more clearly that the so-called Allon Plan is their minimal requirement for a West Bank settlement and that Israel hopes to retain sizable portions of the West Bank and to make the Jordan River the political border, not just a "security border."

The recent flurry of public statements by Israeli leaders making more explicit Israel's "needs" in the Arab territories is in part connected with President Nixon's trip to Moscow and latent Israeli concern that the trip may disturb the status quo. A continuing Israeli nightmare is that the Big Powers will impose a settlement on the Middle East. The Israelis believe this could only be to their detriment, because in all likelihood any such imposed settlement would call for Israeli withdrawal to at least most of the pre-1967 borders. Recent Israeli statements reflect a definite public shift to the right by the government, more in line with the traditionally conservative Israeli public, who believe that the status quo is the best bet; they are convinced peace cannot be had from the Arabs at any price.

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CHINA RE-EXAMINES ARAB POLICY

Peking has been rethinking its policy toward the Arab world and is attempting to improve relations with Arab governments. Up to now, China has used the Arab-Israeli impasse to try to outflank the USSR on the left and embarrass the US. Chinese propaganda characterizes Moscow as a false friend ready to sell out the Arabs in a deal with Washington, the imperialist backer of Israel. This appeal, coupled with strong verbal support of the Palestinian cause and the Arab effort to reconquer lost territories, has allowed Peking to pose as the Arabs' true friend at little cost to itself. It is a posture, however, that leaves the Chinese at odds with important Arab governments who are beholden to Moscow for arms and distrustful of Palestinian machinations.

During nearly half a decade of aid to the Palestinians, which has been mostly in the form of vocal support with only limited military help, China has failed to advance its influence in the Middle East to any significant degree. Conversely, Moscow, by using its greater material and political resources and by cultivating good relations with Arab governments, has been able to gain considerable influence, particularly in Egypt, Syria, and Iraq.

~~Remarks by a Chinese Foreign Ministry official shortly after the visit of Egyptian presidential adviser Riad to Peking in late March indicate that Peking has been reviewing its policy. The official agreed that the effort to bring about a peaceful settlement in the Middle East was worth making because, if achieved, it would reduce Egyptian dependence on Soviet support. He also stated that Peking was not opposed to a settlement provided it was not imposed by the superpowers; a settlement, he added, would be much easier to achieve if the USSR and the US withdrew from the Middle East. The official stressed that China did not wish to get involved in the~~

~~details of a settlement or in the four-power talks. Acknowledging that Israel was a reality and could not be done away with, he said the problem was one of reconciling Israel's existence with the rights of the Palestinians.~~

~~This gives no clear indication that China is prepared to abandon the Palestinians, but the depth of the Chinese commitment is brought into question. That question also is raised by Peking's recent decision not to oppose the stationing of UN observers along the Israeli-Lebanese border—move that will set well with the Lebanese Government but not with the fedayeen. The common denominator in all of this appears to be China's search for ways to counter Soviet influence in the area. The emphasis is on probing for opportunities to improve its relations with Arab governments—particularly with Cairo. This effort may be aided by the strains in Moscow's ties with its Arab clients, and may be pursued even at the expense of China's relations with the Palestinians.~~

China's desire to improve relations with Arab governments, although not wholly new, probably was given impetus by the waning fortunes of the fedayeen since late 1970. It also may have been encouraged by China's success in benefiting from Moscow's difficulties with the Numayri regime in the Sudan. Since Peking spoke out in support of Numayri's counter-coup last July, Sino-Sudanese relations have steadily improved. Peking has nearly doubled its economic aid commitment to Khartoum and on 16 April concluded the first Sino-Sudanese military aid agreement. Although details are not yet available, the agreement presumably entails training for Sudanese military personnel and may also include the provision of some Chinese military equipment.

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25X1 The Chinese probably do not believe that they can replace Moscow as a sole source of military aid to Khartoum, much less any other Arab capital. Nevertheless, in gaining a leg up on their Soviet rivals in the Sudan, they may calculate that the USSR is vulnerable in other parts of the Arab world as well and that China's relative economic and military weakness need not preclude modest success in gaining influence there. [REDACTED]

EGYPT: THE SOVIET CONNECTION

Egyptians, officials and the public alike, raised more questions about the Soviet relationship as President Sadat prepared for his trip to Moscow.

In discussions with officials of the government-sponsored party on 24 April, Sadat was faced with some sharp queries regarding the degree of Soviet support for Egypt. On other occasions during recent weeks, Sadat has been put on the defensive in his efforts to explain the Soviet-Egyptian relationship. The latest interrogations were unusually pointed.

The party functionaries wondered whether Cairo was not too closely aligned with Moscow and raised the possibility of obtaining offensive weapons from countries other than the Soviet Union. They further inquired to what extent Moscow was committed to supplying weapons to counter the delivery of US aircraft to Israel. They asked if the Soviets had in fact refused to supply Egypt with "MIG-23s" or their equivalent. Anxiety was also expressed that the Soviet Union had been granted base rights in Egypt.

For the most part, Sadat sought to reassure the audience that Moscow was continuing to

supply Egypt with needed military equipment. He carefully emphasized the friendship that existed between the two countries, but acknowledged that some problems had arisen occasionally. Sadat said frankly that he was willing to accept assistance from both the East and the West, but if the Soviet Union is the only side willing to help, "I cannot say no."

The President denied that there was any Soviet pressure for the establishment of military bases in Egypt and repeatedly declared that he would not grant bases to any nation. He did, however, again publicly acknowledge that he had granted certain "facilities" to the Soviets in Egypt's Mediterranean ports.

The concern expressed at this forum no doubt reflects the view of some Egyptians that the massive Soviet presence in Egypt is a new form of colonialism. Sadat, however, is not likely to allow this concern to force him to alter the relationship between the two countries. It may, in fact, provide further ammunition for future arms requests from the Soviet Union.

Such a request may hit Moscow soon. President Sadat's second trip to Moscow this year got under way on 27 April. The visit, just three weeks before the scheduled US-USSR summit, underlines the importance Cairo attaches to the talks. Although matters touching on Soviet military and economic aid will doubtless be covered, Sadat's principal aim probably is to obtain assurances from Moscow that Egyptian interests are fully protected during the discussions with President Nixon. Sadat may also have reason to believe that the question of controls on arms shipments to the Middle East will come up, and he will wish to discuss this matter fully with the Soviets. One purpose of his vow on 25 April to liberate the occupied territory by this time next year may have been to remind Washington and Moscow of the Egyptian desire for some external movement in the Arab-Israeli deadlock. [REDACTED]

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TURKEY: STILL LOOKING

President Sunay, looking for a suitable prime minister, is deep into consultations with key political and parliamentary leaders. Ferit Melen, who is serving as interim prime minister and minister of defense, is acting as if he hopes to make his job permanent. He has submitted a new land reform bill to parliament and has let it be known that, despite his government's caretaker status, he may submit other urgently needed legislation.

The National Security Council met on 22 April, and the political situation certainly was high on the agenda. Although the council has no legal role in the selection of a new prime minister, the choice will surely reflect the wishes of the military leaders who dominate the council. Several names have surfaced, including several independents and non-controversial party figures, but there are no clear front-runners.

Sunay shows no sense of urgency. He may decide to act after the special convention on 5 May of the Republican People's Party, after he sees how seriously current splits in the party have affected its political influence. There is indeed no indication of anxiety among political leaders. They apparently believe the military's assurances that it has no intention of intervening at this time. The security situation also remains calm; radical elements apparently are waiting to see what course the authorities will take, especially concerning condemned extremists who are awaiting execution. [REDACTED]

DAHOMY: AN ORDERLY SUCCESSION

On 7 May, Justin Ahomadegbe will replace Hubert Maga as chairman of the three-man presidential council. This troika arrangement grew out of a compromise in 1970 between the country's



Ahomadegbe, Maga, and Apithy

three competing regional leaders. If Ahomadegbe succeeds in defying the odds in politically turbulent Dahomey and survives his allotted two-year stint as top man, the third triumvir, Sourou-Migan Apithy, is scheduled to take over in 1974.

President Maga got through his two years, but his tenure was marred by the inveterate plotting of Dahomey's numerous ambitious military and civilian factions. The plotting culminated in an abortive coup attempt last February by dissident army officers. Since then, Ahomadegbe has moved decisively to secure his succession.

The military tribunal appointed to try those implicated—including Lt. Col. Kouandete, who has been behind most of the coup plotting of the past several years—is packed with Ahomadegbe cohorts. Should Kouandete somehow be exonerated, Ahomadegbe's tenure in office could be brief, but it now seems more likely that Kouandete's influence is finally ebbing. A new, younger breed of military officers has emerged, and they apparently reject his leadership and seem willing at least to give Ahomadegbe a chance. [REDACTED]

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SECRET**GHANA: A SEARCH FOR NEW AID**

The new military government is actively seeking economic arrangements to replace or supplement those with Western countries. The primary and most urgent focus of this search is for new sources of food.

The junta is faced with growing shortages caused by the army's interference in the food distribution system and the loss of most short-term credit guarantees since the junta repudiated some debts in February. Ghana has recently asked nearby African countries to act as indirect suppliers of some essential commodities. In addition, Accra has formulated contingency plans for shifting a large portion of its foreign trade to Communist countries.

Accra also has invited tenders from any interested party for a list of needed foods.

Even before the food problem arose, there were signs that Accra planned to send economic delegations to East European countries, pre-

sumably including the USSR, as part of a new emphasis on non-alignment. The USSR, China, and East Germany have expressed interest in reactivating old economic aid projects or beginning new ones. Some \$62 million in Soviet credits and about \$40 million in Chinese credits remain from agreements signed in Nkrumah's days. The Ghanaians apparently still prefer Western aid, if they can get it.

The impasse between Accra and Western creditors over Ghana's external debt policy probably precludes new Western aid for quite some time. Creditors have yet to agree on how to cope with Ghana's unilateral alteration of debt servicing terms and its partial repudiation of the debt. The only progress since the new debt policy was announced in February has been toward World Bank mediation. Renegotiation of Ghana's debts is probably several months off, and reaching a final settlement will take even longer. Meanwhile, alternative sources of economic help will be appealing to Accra.

EL SALVADOR: A PAIR OF PROBLEMS

The Sanchez administration, now in its waning months, is divided over how to deal with two potential trouble spots without reviving charges of repression.

The primary concern is the disposition of those who led the abortive rebellion on 25 March. President-elect Molina, who has been looking into the extent of dissatisfaction within the military, feels strongly that to bring the rebel leaders to trial would only demonstrate to the public that considerable discontent does exist. His opinion is shared by many of his fellow officers. Sanchez is adamant that the instigators must be punished, but may be persuaded to settle for a perfunctory trial that will mete out minimal punishment to a half dozen of the leaders.

The other problem is how to dislodge radical leftists from control of the National University.

The professional community, concerned over the drop in academic standards resulting from radical influence in university administration, has been pressing the government to take action. An even larger segment of the public sees a constant security threat in leftist use of the university as a safe haven. Earlier this month, President Sanchez attempted a campus clean-up through legal channels by asking the Supreme Court to void last year's elections for university officials because of intimidation during the voting. The court, reluctant to act, has delayed passing on the case.

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SECRET**USSR-CUBA: NAVAL VISIT**

The two Soviet naval combat ships now in Cuba have been there for nearly eight weeks. These ships—a Kotlin-class destroyer and an F-class submarine—arrived in Cienfuegos on 5 March and have conducted frequent out-of-port operations with the Cuban Navy. Two weeks ago, they moved from Cienfuegos to Havana and continued joint operations in Gulf of Mexico waters. Subsequently, the destroyer shifted to Banes in eastern Cuba and the submarine traveled from Havana to nearby Mariel.

The ships were accompanied to Cuba by an oiler, but on 27 April a new Soviet Ugra-class submarine tender making its maiden voyage arrived in Cuban waters. The Kotlin in Banes will probably accompany the tender to Havana. Although Soviet tenders from the Northern Fleet have visited Cuba each year since 1969, this is the first time the Soviets have sent one from the Black Sea.

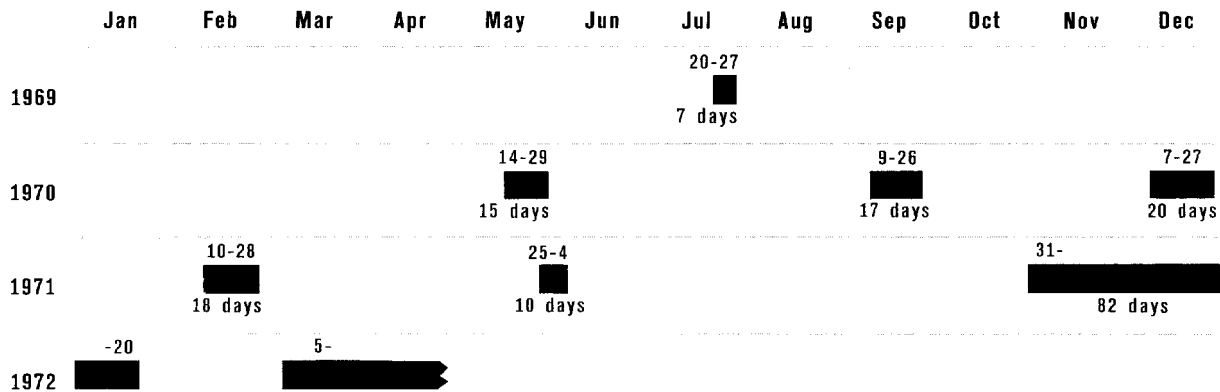
The destroyer and the submarine are making the longest visit by a Soviet naval combatant to Caribbean waters since a call at Havana in 1971,



Soviet Ugra-Class Submarine Tender

which began on 31 October and lasted some 12 weeks. Part of the reason for that extended stay was apparently the need for repairs by another F-class submarine.

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Soviet Naval Visits to Cuba

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SECRET**CHILE: TROUBLE IN THE SOUTH**

The likelihood of further violence in southern Chile is increasing. There the farm problem is intense; unrest is growing and is being exploited by militants on both the left and the right. The ingredients for an armed showdown are all present, and it could come soon. For example, some 15,000 peasant families are scheduled under Frei's agrarian reform law to receive title to their own private plots beginning next week. They may turn to violence if the Allende administration does not permit them to abandon the collective arrangements under which their land is now being worked.

The unrest and uncertainty has been generated by rapid and ill-administered agrarian reform which has magnified long-standing rural problems. Credit is scarce, and farmers hesitate to invest in planting land they may lose. As a result, rural unemployment is worse than ever. Illegal land seizures by farm workers—often urged on by outside agitators—and re-seizures by owners have further damaged production. Output is down, and food imports are rising steeply.

~~Responding in part to consumer demand for food, Allende has removed his earlier restrictions on police involvement in land disputes. The carabineros lately have been intervening to prevent illegal take-overs of small farms and have confiscated some arms being brought into the area. The threat of violence, however, has grown to such proportions that it may require more than the carabineros to contain it.~~

~~Leftist extremists in the south continue to arm and train militia groups designed to speed realization of the "revolution." Believing that the Allende government may be endangered by the rightist opposition, diverse leftist groups are working toward a unified command, which, they propose, would operate in the south should the government lose the elections next March or should the military take over. The presence of these young hotheads could negate government efforts to calm the region.~~

Another difficulty is that the parties of the Popular Unity coalition differ sharply as to just what agrarian policies should be carried out on the expropriated estates. It is, therefore, unlikely that a new initiative to satisfy both small independent farmers and agricultural bureaucrats bent on collectivization will be forthcoming. More likely, Allende will temporize, in the hope that the restructuring of the Agrarian Reform Agency and other government plans will have eased his problem by next year. In the meantime, agriculture, especially in the south, will remain a time bomb for Allende.

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VENEZUELA: ALMOST PERFECTION

The Christian Democratic government, in clover on nearly every domestic and international concern, seems unable to get the student situation under control. President Caldera is likely to find the campus turmoil of growing political significance as his opposition looks for election issues. As a one-time student activist himself, Caldera must find his failure in this matter particularly irksome.

The Christian Democrats currently enjoy a generally enviable political position. Caldera, their first president, has overcome a number of early weaknesses. With three of his five presidential years completed, Caldera has mastered the art of dealing authoritatively with his armed forces, the guerrilla problem has faded to a mere nuisance level, and his party is ahead on the election trail, having already passed over the often-divisive hurdle of nominating a presidential candidate. The border disputes with two neighbors have been quieted by various arrangements and moratoriums. Caldera seems to believe that he is in a strong position to negotiate on trade and oil matters with the US.

The potential spoiler for Caldera and possibly for his party, as the electioneering for 1973

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becomes serious, is the students. The government has made intensive and delicate efforts to deal with the problem—a particularly mercurial one because there is no focus or true issue behind their habitual disruptions. Each time the administration has come to another step in its normalization plan, a small group of provocateurs has managed to find some pretense to lure groups of students out into the streets. Just now another set of university elections is under way, and serious rioting and vandalism have occurred in Caracas and in most of the major cities. A student's death, allegedly at the hands of the police, is the ostensible reason for much of the current violence. Some radical groups on campus would prefer peace at the schools, where they have been making headway through the election route. But anarchists and the discredited pro-Soviet Communists see an opportunity to appear able to manipulate events, and they are promoting disruption and action against the police.

The Christian Democrats thus find themselves seeking a solution that will not make them look either repressive or impotent. Unless some dramatic breakthrough on the problem comes soon, student indiscipline could be their Achilles heel in the election campaign.

GUYANA: MORE NATIONALIZATION

A threatened cutback in operations at the US-owned Reynolds Guyana Mines may precipitate nationalization of the company's holdings. Prime Minister Burnham stated that the planned dismissal of 250 workers—one fourth of the company's labor force—and a 40-percent cutback in production scheduled for May are unacceptable. An alternative company proposal to "spread the work" in lieu of outright dismissal of workers evidently was rejected.

Reynolds' decision to cut back its operations in Guyana is based largely on the depressed market for metal-grade bauxite. The Guyanese

facility, a high-cost producer, was able to maintain output during 1971 because of increased deliveries to the Aluminum Company of Canada (Alcan). The current contract is about to expire, however, and there are no new customers in the wings. Storage space for unsold ore will soon be exhausted, and the parent company claims it has little choice but to pare operations.

Guyana nationalized the Demerara Bauxite Company, an Alcan subsidiary, in July 1971 but had postponed moving against the Reynolds' operation until marketing problems stemming from the world-wide bauxite surplus were resolved. Burnham acknowledged that, although the depressed condition of the industry ordinarily might justify reductions, the company's record profits last year and the resurgence of activity at Reynolds' facilities in the US raise serious questions about the planned cutback. Under the circumstances, he said he might be forced to move against the company sooner than he had intended.

Although politically expedient, a decision by Burnham to nationalize at this time would be less sound from an economic standpoint. The government has encountered considerable difficulty in finding markets for metal-grade ore, and more recently for alumina, from the facilities it already owns.

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